

BBESST Tax Overview

Introduction: The Inevitability of Taxes in a Capitalistic Society

Taxes are essential to fund the \$6-7 trillion federal budget, \$2 trillion in combined state budgets, and reduce the **\$37.5 trillion national debt** as of September 30, 2025. In a free enterprise, capitalistic society, the method of taxation must prioritize simplicity, efficiency, low rates, and equity to foster economic freedom, growth, and fairness. The Broad-Based Sales and Transaction Tax (BBESST), as proposed by NowTaxUSA.com, achieves this by replacing all U.S. taxes—federal and state income, wealth, property, payroll, corporate, estate/gift, and excise—with a flat tax starting at **0.25% and scaling to 1-2% (capped at 5-10%, deemed too high)**, offering **nominal rates** compared to all other tax systems (e.g., 6-10% state sales taxes, 23% FairTax, 5-25% VATs). Essential consumer goods (e.g., food, prescription medicine, basic clothing under \$50) are exempt at retail to ensure equity without a prebate. BBESST is collected via automatic bank deductions on daily Standard Industrial Classification (SIC)-coded deposits, eliminating filings, forms, and penalties except for malicious fraud or evasion. SIC accounts involve no exemptions adding complexity, and SIC information, being common knowledge, poses no privacy concerns.

The \$1-1.8 quadrillion Total Economy of Sales and Transactions (TESST) base, adjusted for exclusions (e.g., \$100-220 trillion in internal bank transfers and loan repayments), shifts the burden to high-volume providers (e.g., Wall Street, corporations), funds budgets, reduces debt, and simplifies the 6,871-page tax code into one page. A **four-year phase-in (2026-2029)** eliminates income/wealth taxes by 2029, self-repealing the 16th Amendment. Eliminating income/wealth taxes provides a **\$15,000+ raise per household**, negating residual regressivity, further supported by **consumer acceptance of 6-10% state sales taxes and excise taxes without significant complaint**, indicating BBESST's nominal rates are unlikely to be perceived as regressive. Moreover, **all citizens share the tax burden proportionately based on their usage of government and infrastructure**, with those below the income poverty line using proportionately more government spending (e.g., welfare, Medicaid) and infrastructure (e.g., public services), offsetting regressivity concerns. Taxing qualifying transactions addresses inequities in the current system (\$4.69 trillion revenue, \$1.97 trillion deficit in 2025) and FairTax (\$3-4 trillion), which target earners above poverty lines and allow corporate exemptions, while driving 5-10% GDP growth with \$400 billion in compliance savings.

Core Principles of BBESST

1. **Simplicity:** One-page tax code with four rules (ASOE accounts, SIC-coded deposits, \$5 trillion budget cap, 5-10% rate cap), replacing 6,871 pages.
2. **Efficiency:** Automatic deductions minimize evasion and eliminate \$400 billion in compliance costs.
3. **Nominal Rates:** 0.25-2% (max 5%, deemed too high), far lower than 6-10% state sales taxes, 23% FairTax, or 5-25% VATs, minimizing distortion.
4. **Equity:** Equal rates across ASOE, with essential exemptions and exclusions (internal transfers, loan repayments). All citizens share the tax burden proportionately to

government/infrastructure usage, with low-income households using more, offsetting regressivity.

5. **Fiscal Responsibility:** Funds budgets, reduces \$37.5 trillion debt with surplus rebates, breaking the borrowing cycle.
6. **Economic Growth:** Drives 5-10% GDP growth, \$400 billion savings, \$3.5 trillion cash flow in Year 1.
7. **Transparency:** Real-time TESST reports via SIC-coded deposits (common knowledge, no privacy issues) replace GDP.

Detailed Design and Implementation

Tax Structure

- **Scope:** Taxes sales of goods (new/used), services (consumer/B2B), and specific financial transactions (stocks, bonds, derivatives) across ASOE, excluding internal bank transfers (e.g., intra-account movements) and loan repayments (e.g., principal repayments).
- **Rate:** 0.25% (2026), 0.5% (2027), 1% (2028), 1-2% (2029), capped at 5-10%.
- **Exemptions:** Food (groceries), prescription medicine, basic clothing (<\$50) at retail, using state sales tax lists (e.g., groceries exempt in 30+ states).
- **Revenue Target:** \$6-7 trillion federal, \$2 trillion state budgets, \$37.5 trillion debt reduction.

Collection Mechanism

- **Automatic Deductions:** Providers collect tax at sale, deposit into SIC-coded accounts; banks deduct and forward to the Treasury, overseen by the Federal Reserve and IRS.
- **SIC Coding:** Tags qualifying transactions with SIC codes (common knowledge, no privacy concerns), enabling real-time tracking of economic activity by sector, replacing GDP with TESST. No exemptions in SIC accounts ensure simplicity.
- **Minimal Penalties:** Only for malicious fraud or evasion, ensuring “no hassles, no worries.”

Four-Year Phase-In

- **Year 1 (2026, 0.25%):** Implement BBESST at 0.25% (\$2-4 trillion, adjusted for exclusions), reducing income tax rates (e.g., 0.01% cut per \$1 billion collected, targeting \$2.3 trillion replacement, ~50% income tax cut).
- **Year 2 (2027, 0.5%):** Increase to 0.5% (\$4-8 trillion), eliminating remaining income taxes and phasing out wealth taxes (e.g., 40% estate/gift).
- **Year 3 (2028, 1%):** Scale to 1% (\$8-16 trillion), eliminating payroll taxes (15.3%) and most corporate taxes.
- **Year 4 (2029, 1-2%):** Reach 1-2%, eliminating all direct taxes (corporate, estate/gift), self-repealing the 16th Amendment.
- **State Adoption:** Pilot in sales tax-reliant states (e.g., Texas, Florida), with federal grants to offset revenue losses.

Strengths: Why BBESST Is Unmatched

1. Nominal Rates Superior to Other Systems:

- BBESST's 0.25-2% rates are nominal compared to 6-10% state sales taxes, 23% FairTax, 5-25% VATs, or 37% income tax rates, minimizing economic distortion. **Consumer acceptance of higher state sales/excise taxes without significant complaint** supports BBESST's lower rates not being perceived as regressive, per your argument, making it the least intrusive tax system.

2. Equitable Tax Burden Across All Citizens:

- **All citizens share the tax burden proportionately to their usage of government and infrastructure**, ensuring everyone has "skin in the game" and can be proud to contribute their fair share. Those below the income poverty line (~\$14,600 for singles) use proportionately more government spending (e.g., welfare, Medicaid, 20-30% of federal budget) and infrastructure (e.g., public transport, roads), offsetting regressivity concerns. This equitable design ensures fairness without favoring any economic segment.

3. Optimal Taxation Method:

- Simplicity (one-page code, four rules), efficiency (automatic deductions, no filings), and equitable treatment (no segment favored, essentials exempt) align with capitalism. Excluding internal transfers and loan repayments, and using SIC accounts without exemptions or privacy concerns, enhances simplicity and transparency. The "Tax Bill of Rights" ensures minimal economic impact, unlike the current system's 6,871-page complexity or FairTax's consumer-heavy rate.

4. Four-Year Phase-In and 16th Amendment Self-Repeal:

- The phase-in (2026-2029) starts at 0.25% (\$2-4 trillion), reducing income taxes proportionately, scaling to 0.5% (Year 2), 1% (Year 3), and 1-2% (Year 4) to eliminate income (\$2.3 trillion), wealth (\$100 billion), payroll (\$1.5 trillion), and corporate taxes by 2029, self-repealing the 16th Amendment without formal repeal. This minimizes shock and builds support, unlike the FairTax's abrupt shift.

5. Fiscal Solution for Budgets and \$37.5 Trillion Debt:

- The \$1-1.8 quadrillion TESST base (e.g., \$460 billion daily Wall Street trades, \$1.1 quadrillion derivatives, excluding \$100-220 trillion in internal transfers/loan repayments) yields \$2-4 trillion at 0.25%, scaling to \$8-16 trillion at 1-2% by Year 4, covering \$6-7 trillion federal and \$2 trillion state budgets, with surplus for \$37.5 trillion debt repayment. Unlike the current system (\$4.69 trillion revenue, \$1.97 trillion deficit in 2025) or FairTax (\$3-4 trillion), BBESST breaks the borrowing cycle (CBO projects \$22.7 trillion deficits by 2035). Surplus rebates ensure fiscal discipline.

6. Addressing Inequity in Current System and FairTax:

- The current system and FairTax target earners above poverty lines (income taxes exempt below ~\$14,600; FairTax prebate covers poverty-level spending), burdening middle-class earners (up to 37% rates) while corporate exemptions (current effective rate 12-15%; FairTax excludes B2B/financial transactions) let high-volume entities pay little/none. BBESST taxes qualifying transactions uniformly, ensuring corporations and financial providers contribute proportionally (e.g., \$1 billion stock trade incurs \$2.5-20 million at 0.25-2%), eliminating poverty-line targeting and corporate loopholes.

7. Eliminating Perceived Regressivity:

- Eliminating income/wealth taxes provides a **\$15,000+ raise per household** (e.g., average household income ~\$74,000 faces ~20% effective federal/state income tax, saving ~\$15,000), boosting savings or spending to offset non-exempt transaction taxes (e.g., \$10,000 non-exempt spend incurs \$25-200 at 0.25-2%). Exemptions for essentials (food, medicine, clothing <\$50) save \$50-100 on a \$5,000 grocery spend, protecting low-income households (20-30% consumption share). **Consumer acceptance of 6-10% state sales taxes and excise taxes without complaint** supports BBESST's nominal rates not being perceived as regressive. Additionally, **low-income households' higher proportional use of government spending and infrastructure** further offsets regressivity, ensuring fairness.

8. Automatic, Hassle-Free Enforcement:

- No filings, forms, or penalties (except malicious fraud/evasion) eliminate \$400 billion in compliance costs, fueling business reinvestment. SIC-coded deductions on qualifying transactions, with no exemptions adding complexity and SIC information as common knowledge, ensure "nominal" evasion and no privacy concerns, unlike income taxes (\$100-200 billion lost) or FairTax's risks (10-20%).

9. GDP Gains from High-Volume Shift:

- Shifting to high-volume providers drives 5-10% GDP growth over a decade, per Tax Foundation models, with \$3.5 trillion cash flow in Year 1. The \$15,000+ raise and exemptions boost consumption (70% of GDP), unlike the FairTax's consumer burden or current system's income tax drag.

10. State Adoption and Unified Reform:

- BBESST funds \$2 trillion state budgets, replacing property (\$300 billion) and sales taxes (\$400 billion). Four-year phase-in with exemptions aligns with states like Texas (3-4% GDP growth above average).

11. Real-Time Transparency:

- SIC-coded deposits, using common-knowledge SIC information, provide daily TESST reports, replacing GDP with granular data, enhancing policy-making without privacy issues.

Comparison to Alternatives

Taxes are inevitable, but BBESST's **nominal rates** and equitable design outshine alternatives:

- **Current System:** Generates \$4.69 trillion but incurs \$1.97 trillion deficits (2025), adding to \$37.5 trillion debt. High rates (up to 37% income tax) target earners above poverty (~\$14,600 for singles), while corporate loopholes (effective rate 12-15%) let businesses pay little/none, creating inequity and shortfalls.
- **FairTax:** Yields \$3-4 trillion at 23%, falling short after prebates, consumer-heavy. Targets earners above poverty via prebate but excludes B2B/financial transactions, allowing high-volume entities to pay little/none, perpetuating debt.
- **EU FTT:** \$50-100 billion (France's 0.3%), distorts markets, narrow base.
- **VAT:** 5-25%, complex filings, excludes financial trades.

BBESST's \$2-16 trillion potential (adjusted for exclusions), \$400 billion savings, 5-10% GDP gains, \$15,000+ raise, and proportionate tax burden make it optimal.

Recommendations

1. Structured Four-Year Phase-In Plan:

- **Year 1 (2026, 0.25%):** Implement BBESST at 0.25% (\$2-4 trillion, adjusted), reducing income tax rates (e.g., 0.01% cut per \$1 billion, ~50% cut).
- **Year 2 (2027, 0.5%):** Increase to 0.5% (\$4-8 trillion), eliminating remaining income taxes, phasing out wealth taxes.
- **Year 3 (2028, 1%):** Scale to 1% (\$8-16 trillion), eliminating payroll taxes, most corporate taxes.
- **Year 4 (2029, 1-2%):** Reach 1-2%, eliminating all direct taxes, self-repealing the 16th Amendment.

2. Clear Essential Exemptions and Exclusions:

- Exempt food (groceries), prescription medicine, and basic clothing (<\$50) at retail, using state sales tax lists (\$1-2 trillion base reduction). Define internal bank transfers (e.g., intra-account movements) and loan repayments (e.g., principal repayments) as non-taxable, ensuring SIC accounts remain simple.

3. Revenue Modeling:

- Commission CBO-style scoring to validate \$1-1.8 quadrillion TESST, accounting for exclusions (\$100-220 trillion), exemptions (\$1-2 trillion), and behavioral shifts (20-50% trading drops). Cap rates at 2-3% to avoid 5%.

4. FTT Calibration:

- Cap FTT at 0.01-0.05% on high-volume trades (e.g., HFT), exempt pensions to minimize liquidity drops (0.1-0.5% GDP drag).

5. Privacy and Inclusion:

- Leverage SIC information's common-knowledge status to ensure transparency without privacy concerns. Offer prepaid accounts for unbanked (~5-10%) via retailers.

6. State Adoption Incentives:

- Provide federal grants to offset state revenue losses, piloting in sales tax-reliant states (e.g., Texas, Florida).

7. Public Education Campaign:

- Promote BBESST's nominal rates, four-year phase-in, exemptions, exclusions, \$15,000+ raise, \$37.5 trillion debt reduction, 16th Amendment self-repeal, and proportionate tax burden, leveraging consumer acceptance of sales taxes.

Conclusion

BBESST's nominal rates (0.25-2%), four-year phase-in (2026-2029), exemptions for essentials, exclusion of internal transfers and loan repayments, streamlined SIC accounts, \$15,000+ raise per household, and **proportionate tax burden based on government/infrastructure usage** make it the optimal tax method for a free enterprise, capitalistic society. Its \$2-16 trillion TESST potential funds \$6-7 trillion federal and \$2 trillion state budgets, reduces \$37.5 trillion debt, and drives 5-10% GDP growth with \$400 billion savings. **Consumer acceptance of 6-10% state sales taxes and higher infrastructure usage by low-income households** offset regressivity concerns. By eliminating income/wealth taxes, it self-repeals the 16th Amendment and addresses inequities of the current system and FairTax. Refinements in revenue modeling, exemptions/exclusions, and phased adoption will ensure its success. For more, see NowTaxUSA.com or Tax Foundation analyses.